

Improvements to the Severance Tax and Federal Mineral Lease Statutes

Objectives:

- Conduct a detailed discussion of options for the direct distribution statutes.**
- Provide a handout of possible improvements to the Colorado severance tax and federal mineral lease allocation statutes.**

Now it is time to work on solutions.

The core task of the Interim Committee is to come up with improved statutory language.

Therefore, the core task of the Working Group is to develop statutory language options and recommendations.

The details of statutory language are important but tedious.

Therefore, we offer the Working Group a handout of the detailed statutory change proposals for homework in preparation for the next meeting.

One area deserves more discussion today:

The possibility of using other metrics to measure impact and compute the direct distribution payments to local governments.

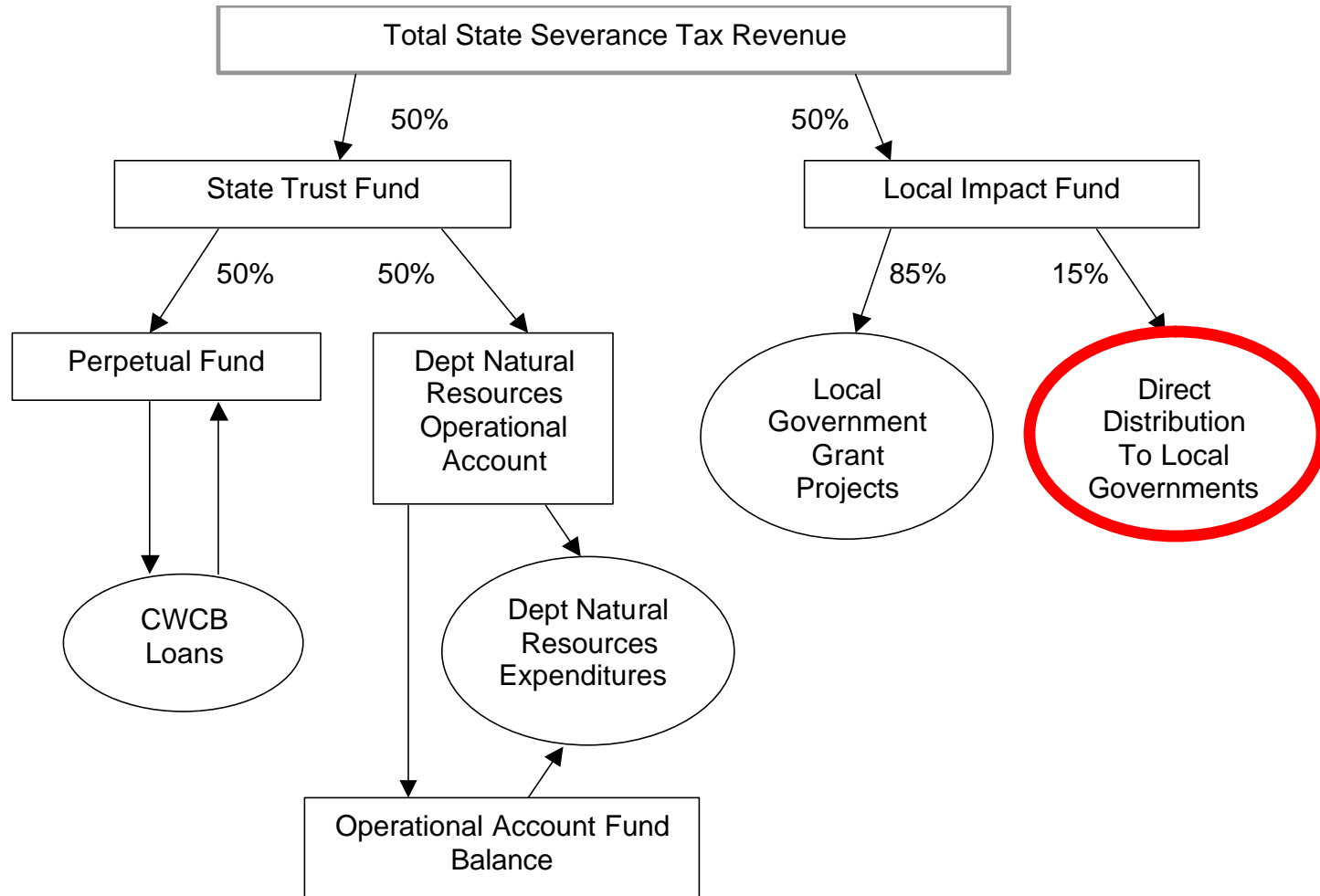
Metrics for the Direct Distributions

- 1) are payments to local governments
- 2) for the impacts of mineral and energy development.
- 3) made once each year
- 4) on the basis of a data driven formula calculation.

The current direct distribution on the basis of the Employee residence Report (ERR) has just completed another cycle.

Here are a few charts of the latest data for 2007.

A graphical representation of the state distribution of severance tax revenue shows the part distributed directly to local governments on the basis of the reported residence of production-related employees of severance taxpayers.



Federal mineral lease revenues to the state are distributed in a complex “cascade” formula set in state statute, which also has a direct distribution component.

FEDERAL MINERAL LEASING ACT

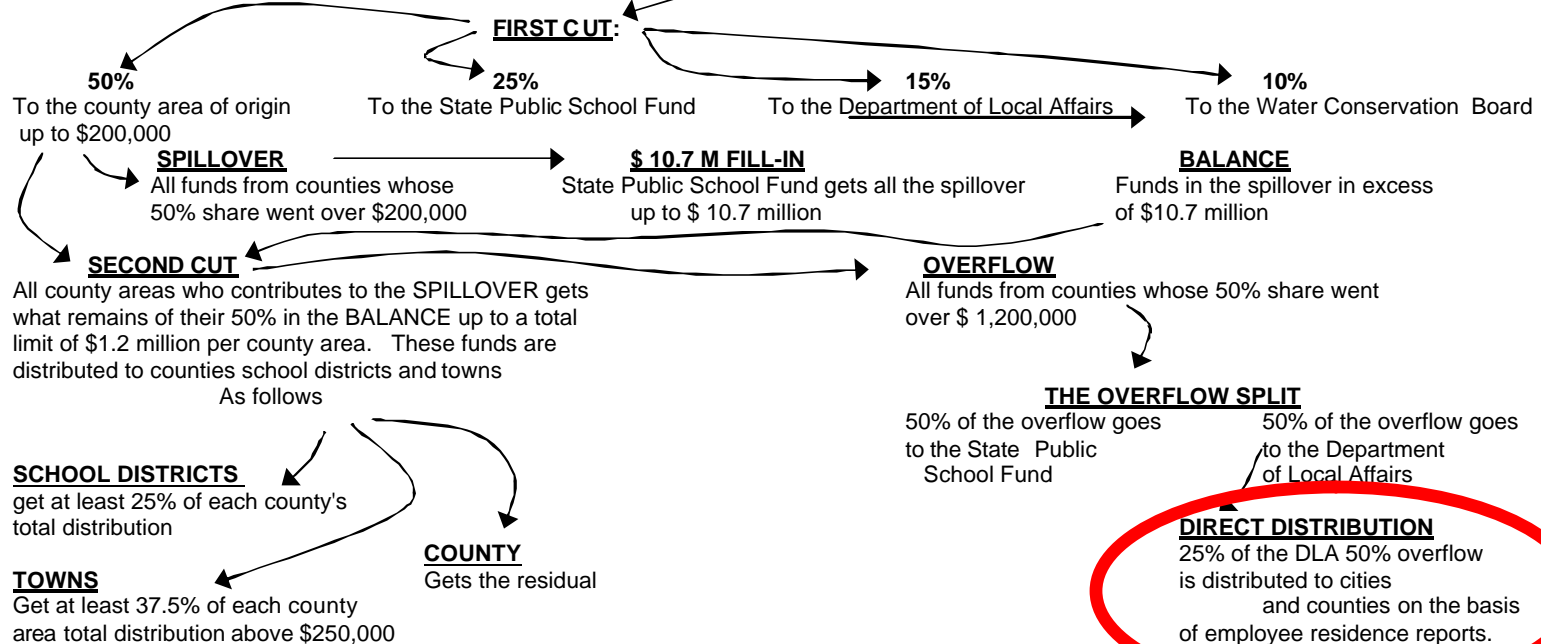
Sends revenue from the Naval Oil Shale Reserve to a special set aside in the US. Treasury
Returns 50% of rentals and royalties from federal lands in the state of origin.

- Directs that such funds be used by the states for planning, maintenance of public facilities and services in areas of the state Socially and economically impacted by mineral development.

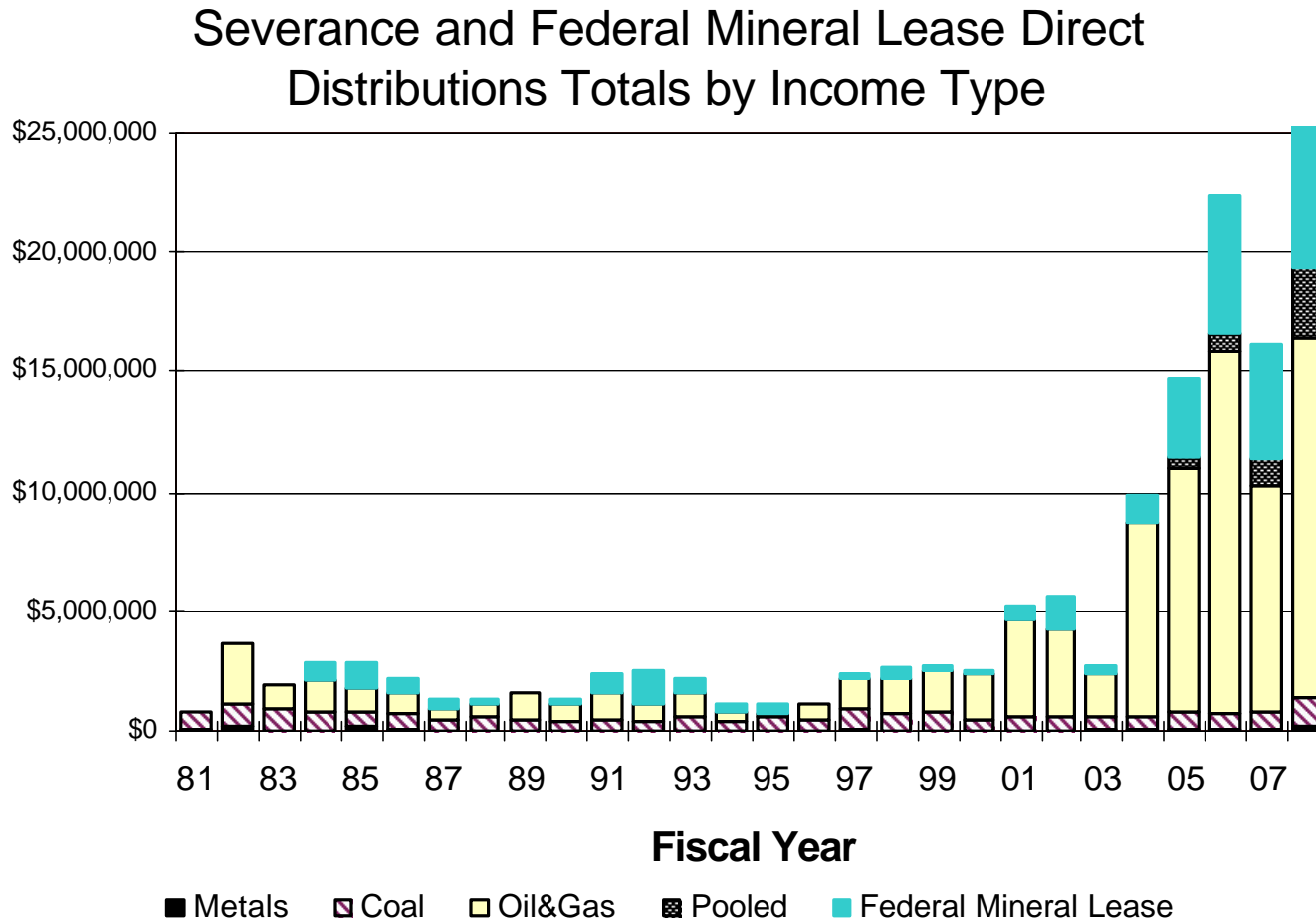
COLORADO MINERAL LEASING FUND

-Colorado statute (CRS 34-63-102) directs that in the distribution of these funds priority shall be given to school districts and political sub - divisions socially or economically impacted by the development or construction and processing of the federal minerals.
- Distributes oil shale lease revenue to a trust fund in the legislature,
- Distributes all other amounts originating in each county as reported by the Federal government under the following "cascade" type of formula:

OIL SHALE TRUST FUND



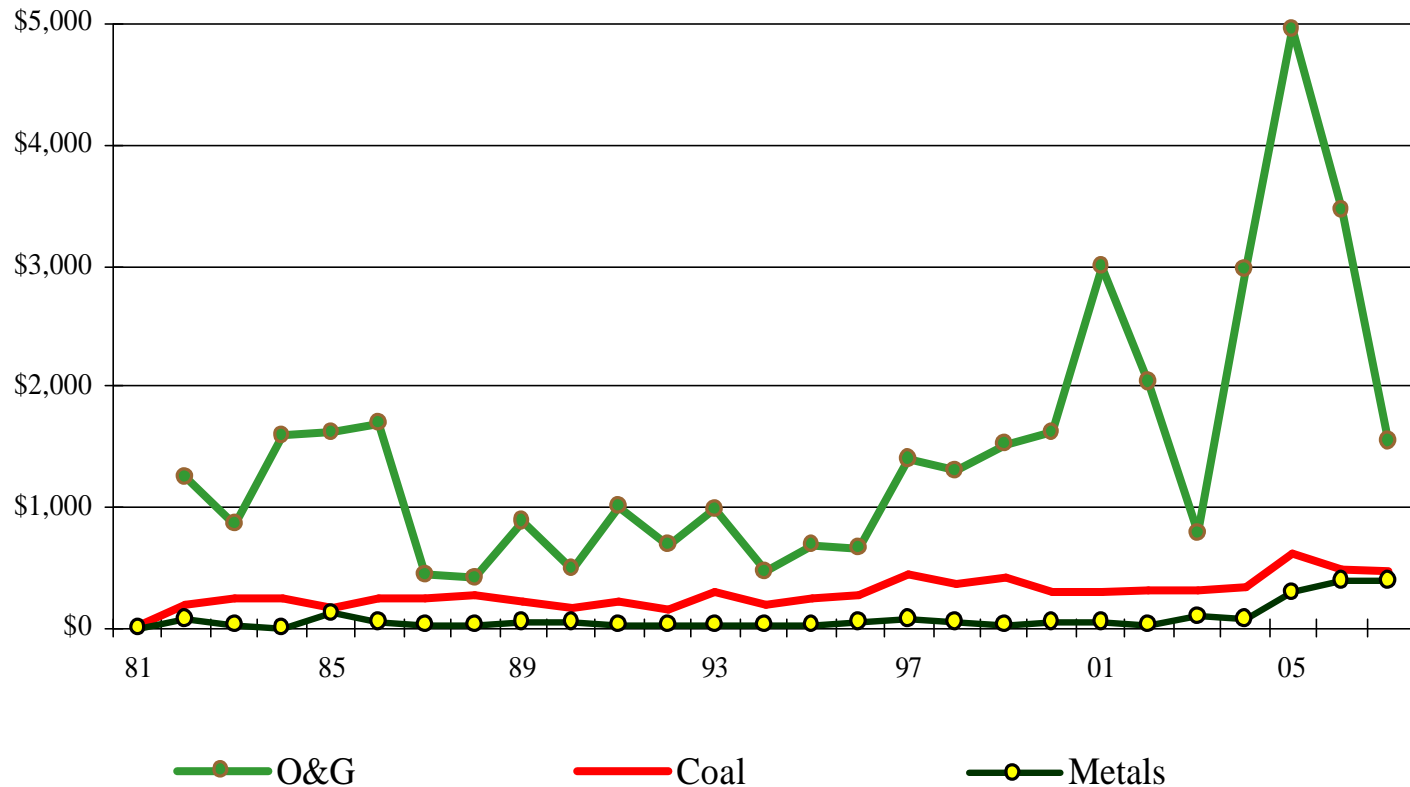
The mineral impact direct distribution amounts have ranged widely, and we forecast 2008 with the 30% severance share directed by Hb07-1139



The payment per reported employee has varied widely since 1981

SEVERANCE TAX DIRECT DISTRIBUTION

Payment per Employee by Sector



The existing Employee Residence Report system results for 2006 provides a baseline against which we can compare alternatives

Existing Mineral Type ERR Index											
Employees Reported				Employees Reported				Direct			
Oil&Gas	Coal	Metals	Direct			Oil&Gas	Coal	Metals	Distribution		
CY2006	CY2006	CY2006	Distribution	County		CY2006	CY2006	CY2006	Payments	County	
Payment per Employee			Payments	Rank					(\$K)	Rank	
\$3,443.74	\$481.04	\$402.93	(\$K)			TOTAL	4552	1788	397	\$16,696	
Adams	78	-	4	\$270	10	Kit Carson	5	0	0	\$17	32
Alamosa	-	-	-	\$0	58	Lake	1	0	5	\$5	49
Arapahoe	28	-	3	\$98	17	La Plata	165	15	0	\$575	6
Archuleta	4	-	-	\$14	39	Larimer	46	0	1	\$159	13
Baca	3	-	-	\$10	42	Las Animas	251	0	0	\$864	5
Bent	2	-	-	\$7	48	Lincoln	4	0	0	\$14	39
Boulder	17	-	3	\$60	24	Logan	56	0	0	\$193	11
Broomfield	4	-	2	\$15	37	Mesa	1611	62	1	\$5,578	1
Chaffee	2	-	2	\$8	45	Mineral	0	0	0	\$0	58
Cheyenne	28	-	-	\$96	19	Moffat	44	519	0	\$401	8
Clear Creek	-	-	41	\$17	35	Montezuma	28	11	0	\$102	16
Conejos	1	-	-	\$3	53	Montrose	14	70	0	\$82	20
Costilla	-	-	1	\$0	57	Morgan	56	0	0	\$193	11
Crowley	1	-	1	\$4	51	Otero	1	0	0	\$3	53
Custer	-	-	-	\$0	58	Ouray	1	0	1	\$4	51
Delta	37	811	-	\$518	7	Park	0	0	12	\$5	50
Denver	31	-	2	\$108	15	Phillips	0	0	0	\$0	58
Dolores	13	-	-	\$45	27	Pitkin	2	0	1	\$7	46
Douglas	14	-	3	\$49	26	Prowers	7	0	0	\$24	29
Eagle	5	-	-	\$17	32	Pueblo	6	0	8	\$24	30
Elbert	4	-	1	\$14	38	Rio Blanco	262	113	26	\$967	4
El Paso	17	1	14	\$65	23	Rio Grande	3	0	1	\$11	41
Fremont	14	-	73	\$78	21	Routt	5	165	1	\$97	18
Garfield	1,091	5	8	\$3,763	2	Saguache	3	0	0	\$10	42
Gilpin	-	-	-	\$0	58	San Juan	0	0	0	\$0	58
Grand	-	-	18	\$7	47	San Miguel	0	1	0	\$0	56
Gunnison	1	12	-	\$9	44	Sedgwick	0	0	0	\$0	58
Hinsdale	-	-	5	\$2	55	Summit	4	0	3	\$15	36
Huerfano	19	-	-	\$65	22	Teller	1	0	117	\$51	25
Jackson	5	1	-	\$18	31	Washington	7	1	0	\$25	28
Jefferson	38	-	36	\$145	14	Weld	408	1	3	\$1,407	3
Kiowa	5	-	-	\$17	32	Yuma	99	0	0	\$341	9

Challenging problems have arisen with the ERR system:

- It is hard to determine which producers must make a report. For instance, should **sub-contractors** make reports?
- Contractors who work for multiple producers create a significant problem with **double counting**.
- It is hard to determine which employees should be reported. For instance, what **job titles** should be counted?
- It is difficult to determine the specific local government that should receive the payment. Each employee may be “claimed” by a **county or a municipality**, but not both.

Any alternative metric will have similar difficulties

Communities have identified problems with the current Employee Reported Residence (ERR) Metric

The ERR metric does not cover the whole range of local government impacts in the **life cycle of mineral projects from speculative planning through heavy impacts and on to the post project transitions.**

A single year ERR metric does not capture challenges to local governments that come with the high **rates of change in the mineral sector such as from commodity price cycles and speculative mineral projects.**

The ERR metric of mineral activity costs does not capture the **benefit of mineral activity that offset costs in many communities.**

Any new metric on which to distribute these funds must consider four criteria:

- Revenue is provided **when** the local government need financial impact assistance.**
- Revenue is provided **where** local government fiscal impacts occur.**
- **Reliable** over the long term.**
- **Ease** of administration**

We offer here five alternative direct distribution metrics:

(A) - Use existing ERR but pay all employees equally rather than split by mineral type.

(B) - Mineral activity measures

(C) - Local government change measures

(D) –The ratio of costs over revenues

(E) - Multiple metric pots

**(A) - With a single value per reported employee
the coal and metals communities get additional funds**

	Single Pay Rate ERR						Total	Hypothtical	Current	
	Total	Hypothtical	Current				Employees	Direct	Direct	
	Employees	Direct	Direct				Reported	Distribution	Distribution	
	Reported	Distribution	Distribution	County				Payments	Payments	County
		Payments	Payments	Rank				(\$K)	(\$K)	Rank
TOTAL	6737	\$16,696	\$16,696							
Adams	82	\$203	\$270	14	Kit Carson	5	\$12	\$17	39	
Alamosa	-	\$0	\$0	58	Lake	6	\$15	\$5	36	
Arapahoe	31	\$77	\$98	23	La Plata	180	\$446	\$575	8	
Archuleta	4	\$10	\$14	44	Larimer	47	\$116	\$159	18	
Baca	3	\$7	\$10	48	Las Animas	251	\$622	\$864	7	
Bent	2	\$5	\$7	51	Lincoln	4	\$10	\$14	44	
Boulder	20	\$50	\$60	25	Logan	56	\$139	\$193	16	
Broomfield	6	\$15	\$15	36	Mesa	1674	\$4,149	\$5,578	1	
Chaffee	4	\$10	\$8	44	Mineral	0	\$0	\$0	58	
Cheyenne	28	\$69	\$96	24	Moffat	563	\$1,395	\$401	4	
Clear Creek	41	\$102	\$17	19	Montezuma	39	\$97	\$102	20	
Conejos	1	\$2	\$3	54	Montrose	84	\$208	\$82	13	
Costilla	1	\$2	\$0	54	Morgan	56	\$139	\$193	16	
Crowley	2	\$5	\$4	51	Otero	1	\$2	\$3	54	
Custer	-	\$0	\$0	58	Ouray	2	\$5	\$4	51	
Delta	848	\$2,102	\$518	3	Park	12	\$30	\$5	32	
Denver	33	\$82	\$108	21	Phillips	0	\$0	\$0	58	
Dolores	13	\$32	\$45	30	Pitkin	3	\$7	\$7	48	
Douglas	17	\$42	\$49	28	Prowers	7	\$17	\$24	34	
Eagle	5	\$12	\$17	39	Pueblo	14	\$35	\$24	29	
Elbert	5	\$12	\$14	39	Rio Blanco	401	\$994	\$967	6	
El Paso	32	\$79	\$65	22	Rio Grande	4	\$10	\$11	44	
Fremont	87	\$216	\$78	12	Routt	171	\$424	\$97	9	
Garfield	1,104	\$2,736	\$3,763	2	Saguache	3	\$7	\$10	48	
Gilpin	-	\$0	\$0	58	San Juan	0	\$0	\$0	58	
Grand	18	\$45	\$7	27	San Miguel	1	\$2	\$0	54	
Gunnison	13	\$32	\$9	30	Sedgwick	0	\$0	\$0	58	
Hinsdale	5	\$12	\$2	39	Summit	7	\$17	\$15	34	
Huerfano	19	\$47	\$65	26	Teller	118	\$292	\$51	10	
Jackson	6	\$15	\$18	36	Washington	8	\$20	\$25	33	
Jefferson	74	\$183	\$145	15	Weld	412	\$1,021	\$1,407	5	
Kiowa	5	\$12	\$17	39	Yuma	99	\$245	\$341	11	

(B) - Mineral activity measures cover the full cycle of production, from permitting through production, transportation and conversion of oil, gas and minerals.

These could include railroad, powerplant and pipeline activities associated with mineral production.

Data is only available for whole counties. Some additional metric, such as population, would be needed to make distributions to towns.

A mineral activity index captures all sorts of measures of permitting, production and processing of minerals. An additional calculation using, for example, population estimates, would be needed to calculate payments to towns.

	Mineral Activity Index		Coal	Metals	State	Combined	Hypothetical				Oil & Gas	Oil&Gas	Coal	Metals	State	Combined	Hypothetical	
	Oil & Gas	Oil&Gas	CY2006	CY2006	Assessed	Mineral	Direct				Drilling	CY2006	CY2006	CY2006	Assessed	Mineral	Direct	
	Permits	BCF	tons per	\$M	Powerplants	Activity	Distribution	County			Permits	Billions of	Million	\$M	Railroads	Activity	Distribution	County
	Approved	Equivalent	Year		Pipelines	Index	Payments	Rank			Approved	Cubic Feet	tons per		Powerplants	Index	Payments	Rank
Totals	5,904	1,566	35	\$1,174	\$2,693		(\$K)					Equivalent	Year				(\$K)	
Adams	37	9	-	-	226	567	\$382	13	Kit Carson	4	0	-	-	-	14	37	\$25	40
Alamosa	-	-	-	-	8	18	\$12	52	Lake	-	-	-	0	-	8	19	\$12	50
Arapahoe	11	1	-	-	125	288	\$194	18	La Plata	235	439	0	-	-	46	2,073	\$1,396	3
Archuleta	14	4	-	-	6	41	\$28	37	Larimer	-	1	-	-	-	44	99	\$67	31
Baca	2	3	-	-	22	59	\$40	35	Las Animas	500	101	-	-	-	30	945	\$636	10
Bent	8	0	-	-	13	39	\$26	38	Lincoln	1	1	-	-	-	16	39	\$26	39
Boulder	21	3	-	0.0	97	246	\$166	20	Logan	17	2	-	-	-	39	108	\$73	30
Broomfield	1	1	-	-	12	30	\$20	43	Mesa	265	15	-	-	-	67	470	\$316	14
Chaffee	-	-	-	-	11	24	\$16	46	Mineral	-	-	-	-	-	1	1	\$1	64
Cheyenne	21	17	-	-	10	109	\$73	29	Moffat	120	21	8	-	-	158	1,945	\$1,310	4
Clear Creek	-	-	-	782.8	13	812	\$547	11	Montezuma	5	169	-	-	-	28	705	\$475	12
Conejos	-	-	-	-	2	5	\$3	58	Montrose	1	-	0	0	-	40	155	\$105	25
Costilla	-	-	-	-	1	2	\$2	63	Morgan	3	1	-	-	-	135	302	\$203	17
Crowley	-	-	-	-	2	4	\$3	60	Otero	-	-	-	-	-	14	31	\$21	42
Custer	-	-	-	-	2	3	\$2	61	Ouray	-	-	-	-	-	4	9	\$6	55
Delta	9	0	7.0	-	17	1,205	\$811	7	Park	-	-	-	0	-	8	18	\$12	51
Denver	19	0	-	-	201	461	\$311	15	Phillips	12	1	-	-	-	2	19	\$13	49
Dolores	6	13	-	-	9	75	\$51	33	Pitkin	-	-	-	-	-	10	21	\$14	48
Douglas	-	-	-	-	71	157	\$106	24	Prowers	7	1	-	-	-	45	110	\$74	28
Eagle	-	-	-	-	37	81	\$55	32	Pueblo	-	-	-	-	-	89	196	\$132	23
Elbert	4	0	-	-	10	28	\$19	44	Rio Blanco	360	78	2	2	-	30	1,007	\$678	8
El Paso	-	-	-	-	114	249	\$168	19	Rio Grande	-	-	-	-	-	6	14	\$9	54
Fremont	2	0	-	-	13	31	\$21	41	Routt	9	1	9	-	-	74	1,605	\$1,081	5
Garfield	1,845	346	0.3	-	44	3,291	\$2,217	2	Saguache	-	-	-	-	-	4	8	\$6	57
Gilpin	-	-	-	-	4	9	\$6	56	San Juan	-	-	-	-	-	1	3	\$2	62
Grand	-	-	-	199.5	19	241	\$162	21	San Miguel	35	22	-	-	-	10	140	\$94	26
Gunnison	19	1	8.6	-	6	1,468	\$989	6	Sedgwick	7	0	-	-	-	9	27	\$18	45
Hinsdale	-	-	-	3.3	1	5	\$3	59	Summit	-	-	-	-	-	22	48	\$32	36
Huerfano	-	14	-	-	8	70	\$47	34	Teller	-	-	-	185	-	10	207	\$139	22
Jackson	8	1	-	-	1	16	\$11	53	Washington	69	6	-	-	-	18	133	\$89	27
Jefferson	1	-	-	-	167	368	\$248	16	Weld	1,418	255	-	-	-	417	3,292	\$2,218	1
Kiowa	11	2	-	-	2	21	\$14	47	Yuma	797	37	-	-	-	19	978	\$659	9

Combined index weights each factor so that sum of weighted factors are equal.

**(C) - Change measures
attempt to direct financial support to those
local governments who are experiencing
disruption of their local government finances.**

Change metrics focus on areas where the local governments are experiencing rapid adjustments due to mineral production.

	Rate of Change Index		Change Index	County Rank	Hypothetical Direct Payments (\$K)		Change in Mineral AV from prior Yr	Percent Assed Value from Mineral	Change Index	County Rank	Hypothetical Direct Payments (\$K)
	Change in	Percent									
	Mineral AV	Assed Value									
	from prior Yr	from Mineral									
	AV CY2006	AV CY2006									
Total	32%	18%			\$16,696		0.3	0.3			
Adams	10%	7%	0.7	31	\$28.8	Kit Carson	2%	17%	0.3	40	\$11.9
Alamosa	4%	7%	0.3	38	\$12.7	Lake	1%	20%	0.2	44	\$9.3
Arapahoe	11%	2%	0.2	45	\$8.4	La Plata	30%	68%	20.3	7	\$841.1
Archuleta	47%	7%	3.3	26	\$135.1	Larimer	12%	1%	0.2	47	\$7.5
Baca	8%	50%	3.9	22	\$161.9	Las Animas	43%	82%	35.4	2	\$1,466.5
Bent	11%	30%	3.4	25	\$142.1	Lincoln	5%	30%	1.4	29	\$56.9
Boulder	16%	2%	0.4	34	\$15.4	Logan	22%	25%	5.6	18	\$232.9
Broomfield	17%	2%	0.3	35	\$14.5	Mesa	39%	10%	3.9	23	\$159.4
Chaffee	8%	4%	0.3	36	\$13.4	Mineral	2%	3%	0.1	61	\$2.4
Cheyenne	23%	79%	18.5	10	\$764.1	Moffat	7%	79%	5.6	19	\$230.0
Clear Creek	80%	42%	33.8	3	\$1,398.9	Montezuma	47%	47%	22.2	6	\$917.9
Conejos	0%	5%	0.0	64	\$0.4	Montrose	-2%	10%	0.2	46	\$8.1
Costilla	-2%	2%	0.0	63	\$1.5	Morgan	-5%	38%	2.0	28	\$81.1
Crowley	-6%	6%	0.3	37	\$13.4	Otero	-1%	13%	0.1	55	\$4.3
Custer	2%	2%	0.0	62	\$1.8	Ouray	15%	3%	0.4	32	\$18.5
Delta	32%	21%	6.8	16	\$280.6	Park	7%	2%	0.2	49	\$6.7
Denver	7%	2%	0.1	50	\$6.0	Phillips	180%	11%	20.3	8	\$838.7
Dolores	38%	49%	18.5	9	\$765.9	Pitkin	16%	1%	0.1	58	\$3.3
Douglas	14%	2%	0.3	43	\$10.5	Prowers	10%	40%	3.8	24	\$159.3
Eagle	8%	2%	0.1	51	\$5.5	Pueblo	-1%	8%	0.1	56	\$4.3
Elbert	6%	5%	0.3	41	\$11.7	Rio Blanco	36%	85%	30.8	4	\$1,274.4
El Paso	6%	2%	0.1	52	\$5.3	Rio Grande	2%	5%	0.1	59	\$3.1
Fremont	1%	5%	0.1	60	\$2.5	Routt	23%	14%	3.1	27	\$130.4
Garfield	74%	70%	52.2	1	\$2,159.5	Saguache	4%	8%	0.3	39	\$12.3
Gilpin	7%	1%	0.1	57	\$3.5	San Juan	3%	4%	0.1	54	\$5.0
Grand	98%	8%	7.5	14	\$311.3	San Miguel	55%	15%	8.3	13	\$344.5
Gunnison	-1%	14%	0.2	48	\$6.9	Sedgwick	24%	31%	7.2	15	\$298.6
Hinsdale	67%	7%	4.6	21	\$192.3	Summit	7%	2%	0.1	53	\$5.3
Huerfano	-33%	19%	6.3	17	\$260.4	Teller	6%	14%	0.9	30	\$36.4
Jackson	-1%	19%	0.3	42	\$10.7	Washington	28%	56%	15.7	12	\$649.7
Jefferson	16%	3%	0.4	33	\$16.9	Weld	31%	52%	16.0	11	\$660.8
Kiowa	13%	40%	5.0	20	\$206.1	Yuma	49%	61%	30.1	5	\$1,247.4

Change Index is the product of the absolute change rate and the percent Mineral AV times 100.

(D) – Revenue to Costs Ratio Index:

Mineral production areas get significant revenue.

The fundamental purpose of the employee direct distribution was to get funds to local governments where mineral impact costs arise in excess of revenues.

A metric can be calculated that indicates how much revenue is being generated from local mineral taxation per a cost index composed of reported resident employees, mining permits and other metrics.

A revenue ratio to costs metric turns up the counties where employees reside from production elsewhere

<u>Cost to Revenue Ratio Index</u>													
Total	All Mineral	Local	Index of		Hypothtcal		Total	All Mineral	Local	Index of		Hypothtcal	
Employees	Assessed Value	Revenue	Amount	County	Direct		Employees	Assessed Value	Revenue	Amount	County	Direct	
Reported	Revenue	per	Make up	Rank	Distribution		Reported	Revenue	per	Make up	Rank	Distribution	
CY2006	CY2006 \$M	Employee	Needed		Payments		CY2006	CY2006 \$M	Employee	Needed		Payments	
Totals	6,737	\$253	\$37,577		(\$K)							(\$K)	
Adams	82	\$5.1	\$61,732	-	\$0	Kit Carson	5	\$0.2	\$35,292	0.0	36	\$1	
Alamosa	-	\$0.0	-	-	\$0	Lake	6	\$0.7	\$111,412	-	-	\$0	
Arapahoe	31	\$0.5	\$16,454	0.7	\$80	La Plata	180	\$44.2	\$245,642	-	-	\$0	
Archuleta	4	\$0.4	\$91,101	-	\$0	Larimer	47	\$0.7	\$13,912	1.1	14	\$136	
Baca	3	\$0.6	\$194,016	-	\$0	Las Animas	251	\$7.4	\$29,435	2.0	10	\$250	
Bent	2	\$0.1	\$72,115	-	\$0	Lincoln	4	\$0.2	\$58,725	-	-	\$0	
Boulder	20	\$0.9	\$46,712	-	\$0	Logan	56	\$0.5	\$9,070	1.6	12	\$195	
Broomfield	6	\$0.3	\$58,138	-	\$0	Mesa	1674	\$2.0	\$1,170	60.9	1	\$7,454	
Chaffee	4	\$0.0	\$4,816	0.1	\$16	Mineral	0	\$0.0	-	-	-	\$0	
Cheyenne	28	\$3.5	\$124,527	-	\$0	Moffat	563	\$7.3	\$12,981	13.8	3	\$1,694	
Clear Creek	41	\$3.6	\$86,952	-	\$0	Montezuma	39	\$5.1	\$129,621	-	-	\$0	
Conejos	1	\$0.0	\$3,458	0.0	\$4	Montrose	84	\$0.1	\$1,493	3.0	6	\$371	
Costilla	1	\$0.0	\$1,787	0.0	\$4	Morgan	56	\$0.3	\$6,003	1.8	11	\$216	
Crowley	2	\$0.0	\$172	0.1	\$9	Otero	1	\$0.0	\$2,688	0.0	33	\$4	
Custer	-	\$0.0	-	-	\$0	Ouray	2	\$0.0	\$878	0.1	31	\$9	
Delta	848	\$1.4	\$1,671	30.4	\$3,724	Park	12	\$0.0	\$993	0.4	18	\$54	
Denver	33	\$0.1	\$2,375	1.2	\$142	Phillips	0	\$0.0	-	-	-	\$0	
Dolores	13	\$0.4	\$29,861	0.1	\$12	Pitkin	3	\$0.0	\$1,816	0.1	27	\$13	
Douglas	17	\$0.0	\$2,285	0.6	\$73	Prowers	7	\$0.2	\$22,991	0.1	28	\$12	
Eagle	5	\$0.1	\$15,226	0.1	\$14	Pueblo	14	\$0.1	\$7,133	0.4	19	\$52	
Elbert	5	\$0.2	\$38,952	-	\$0	Rio Blanco	401	\$11.8	\$29,533	3.2	5	\$395	
El Paso	32	\$0.5	\$14,148	0.7	\$92	Rio Grande	4	\$0.0	\$3,057	0.1	23	\$17	
Fremont	87	\$0.3	\$3,088	3.0	\$367	Routt	171	\$0.9	\$5,549	5.5	4	\$670	
Garfield	1,104	\$48.7	\$44,108	-	\$0	Saguache	3	\$0.0	\$0	0.1	25	\$14	
Gilpin	-	\$0.0	-	-	\$0	San Juan	0	\$0.0	-	-	-	\$0	
Grand	18	\$0.3	\$16,973	0.4	\$45	San Miguel	1	\$2.6	\$2,648,842	-	-	\$0	
Gunnison	13	\$3.4	\$259,180	-	\$0	Sedgwick	0	\$0.0	-	-	-	\$0	
Hinsdale	5	\$0.0	\$9,612	0.1	\$17	Summit	7	\$0.0	\$1,665	0.3	21	\$31	
Huerfano	19	\$1.0	\$51,013	-	\$0	Teller	118	\$2.4	\$20,164	2.1	9	\$251	
Jackson	6	\$0.2	\$33,327	0.0	\$3	Washington	8	\$1.9	\$236,528	-	-	\$0	
Jefferson	74	\$0.7	\$9,630	2.1	\$253	Weld	412	\$85.6	\$207,650	-	-	\$0	
Kiowa	5	\$0.8	\$164,880	-	\$0	Yuma	99	\$5.9	\$59,238	-	-	\$0	

Index is the amount of money needed to bring the county up to the state average revenue per ERR.

(E) – Last, we can review a proposal to create multiple pots for the direct distribution, each driven by a different metric.

The proposal made is to have four 25% pots distributed on the following:

- production volumes**
- active wells**
- employees resident reported**
- drilling permits**

The Separate Pots method proposed puts money into the production areas.

	Four Separate Pots Distribution				Combined								
	Physical	Active	Well	Total	Direct					Well	Total	Combined	
	Production	Wells	Drilling	ERR	Distribution			Physical	Active	Drilling	ERR	Direct	
	Index	Count	Permits	Count	Payments	County		Index	Count	Permits	Count	Distribution	County
			Approved		(\$K)	Rank				Approved		Payments	Rank
Totals	1,861	31,371	5,904	6,737	\$16,696							(\$K)	
Adams	9	940	37	82	\$222.3	11	Kit Carson	0	24	4	5	\$10.2	42
Alamosa	-	-	-	-	\$0.0	60	Lake	0	-	-	6	\$3.7	49
Arapahoe	1	176	11	31	\$52.0	27	La Plata	442	2,782.0	235.0	180	\$1,638.2	3
Archuleta	4	62	14	4	\$29.0	34	Larimer	1	205.0	-	47	\$58.5	23
Baca	3	275	2	3	\$45.5	30	Las Animas	101	2,217.0	500.0	251	\$1,030.1	7
Bent	0	35	8	2	\$12.7	39	Lincoln	1	20.0	1.0	4	\$7.0	45
Boulder	3	232	21	20	\$65.2	21	Logan	2	211.0	17.0	56	\$78.2	20
Broomfield	1	64	1	6	\$14.8	38	Mesa	15	555.0	265.0	1674	\$1,332.0	4
Chaffee	-	-	-	4	\$2.5	52	Mineral	-	-	-	0	\$0.0	60
Cheyenne	17	420	21	28	\$127.2	15	Moffat	63	510.0	120.0	563	\$642.5	8
Clear Creek	78	-	-	41	\$201.0	13	Montezuma	169	170.0	5.0	39	\$430.4	10
Conejos	-	-	-	1	\$0.6	57	Montrose	2	-	1.0	84	\$57.3	25
Costilla	-	-	-	1	\$0.6	57	Morgan	1	340.0	3.0	56	\$84.0	19
Crowley	-	-	-	2	\$1.2	56	Otero	-	-	-	1	\$0.6	57
Custer	-	-	-	-	\$0.0	60	Ouray	-	1.0	-	2	\$1.4	55
Delta	35	12	9	848	\$611.6	9	Park	0	-	-	12	\$7.5	44
Denver	0	42	19	33	\$40.2	31	Phillips	1	20.0	12.0	0	\$12.4	40
Dolores	13	36	6	13	\$46.9	29	Pitkin	-	10.0	-	3	\$3.2	50
Douglas	-	-	-	17	\$10.5	41	Prowers	1	44.0	7.0	7	\$17.3	36
Eagle	-	-	-	5	\$3.1	51	Pueblo	-	-	-	14	\$8.7	43
Elbert	0	76	4	5	\$17.0	37	Rio Blanco	87	2,590.0	360.0	401	\$1,042.2	5
El Paso	-	2	-	32	\$20.1	35	Rio Grande	-	-	-	4	\$2.5	52
Fremont	0	53	2	87	\$63.0	22	Routt	44	49.0	9.0	171	\$216.9	12
Garfield	348	3,666	1,845	1,104	\$3,256.2	2	Saguache	-	-	-	3	\$1.9	54
Gilpin	-	-	-	-	\$0.0	60	San Juan	-	-	-	0	\$0.0	60
Grand	20	-	-	18	\$55.9	26	San Miguel	22	110.0	35.0	1	\$89.7	18
Gunnison	44	20	19	13	\$122.0	16	Sedgwick	0	6.0	7.0	0	\$5.9	46
Hinsdale	0	-	-	5	\$3.8	48	Summit	-	-	-	7	\$4.3	47
Huerfano	14	105	-	19	\$57.4	24	Teller	19	-	-	118	\$114.6	17
Jackson	1	168	8	6	\$34.7	32	Washington	6	540.0	69.0	8	\$139.6	14
Jefferson	-	20	1	74	\$49.2	28	Weld	255	11,966.0	1,418.0	412	\$3,420.9	1
Kiowa	2	139	11	5	\$33.1	33	Yuma	37	2,458.0	797.0	99	\$1,034.9	6

Each pot is allocated to counties separately on the basis of its metric and then combined into the single payment total.

A comparison table shows how the various direct distribution metrics stack up with the same total amount available.

	Distributions Comparison Table (\$K)													
	Current	Single	Mineral	Mineral	Cost to	Four			Current	Single	Mineral	Mineral	Cost to	Four
	ERR	Rate	Activity	Activity	Revenue	Pots			ERR	Rate	Activity	Change	Ratio	Pots
		ERR	Index	Index	Index	Method				ERR	Index	Index	Index	Method
Totals	\$16,696	\$16,696	\$16,696	\$16,696	\$16,696	\$16,696								
Adams	\$270	\$203	\$382	\$29	\$0	\$222	Kit Carson	\$17	\$12	\$25	\$12	\$1	\$10	
Alamosa	\$0	\$0	\$12	\$13	\$0	\$0	Lake	\$5	\$15	\$12	\$9	\$0	\$4	
Arapahoe	\$98	\$77	\$194	\$8	\$80	\$52	La Plata	\$575	\$446	\$1,396	\$841	\$0	\$1,638	
Archuleta	\$14	\$10	\$28	\$135	\$0	\$29	Larimer	\$159	\$116	\$67	\$7	\$136	\$58	
Baca	\$10	\$7	\$40	\$162	\$0	\$46	Las Animas	\$864	\$622	\$636	\$1,467	\$250	\$1,030	
Bent	\$7	\$5	\$26	\$142	\$0	\$13	Lincoln	\$14	\$10	\$26	\$57	\$0	\$7	
Boulder	\$60	\$50	\$166	\$15	\$0	\$65	Logan	\$193	\$139	\$73	\$233	\$195	\$78	
Broomfield	\$15	\$15	\$20	\$14	\$0	\$15	Mesa	\$5,578	\$4,149	\$316	\$159	\$7,454	\$1,332	
Chaffee	\$8	\$10	\$16	\$13	\$16	\$2	Mineral	\$0	\$0	\$1	\$2	\$0	\$0	
Cheyenne	\$96	\$69	\$73	\$764	\$0	\$127	Moffat	\$401	\$1,395	\$1,310	\$230	\$1,694	\$643	
Clear Creek	\$17	\$102	\$547	\$1,399	\$0	\$201	Montezuma	\$102	\$97	\$475	\$918	\$0	\$430	
Conejos	\$3	\$2	\$3	\$0	\$4	\$1	Montrose	\$82	\$208	\$105	\$8	\$371	\$57	
Costilla	\$0	\$2	\$2	\$1	\$4	\$1	Morgan	\$193	\$139	\$203	\$81	\$216	\$84	
Crowley	\$4	\$5	\$3	\$13	\$9	\$1	Otero	\$3	\$2	\$21	\$4	\$4	\$1	
Custer	\$0	\$0	\$2	\$2	\$0	\$0	Ouray	\$4	\$5	\$6	\$18	\$9	\$1	
Delta	\$518	\$2,102	\$811	\$281	\$3,724	\$612	Park	\$5	\$30	\$12	\$7	\$54	\$7	
Denver	\$108	\$82	\$311	\$6	\$142	\$40	Phillips	\$0	\$0	\$13	\$839	\$0	\$12	
Dolores	\$45	\$32	\$51	\$766	\$12	\$47	Pitkin	\$7	\$7	\$14	\$3	\$13	\$3	
Douglas	\$49	\$42	\$106	\$10	\$73	\$11	Prowers	\$24	\$17	\$74	\$159	\$12	\$17	
Eagle	\$17	\$12	\$55	\$6	\$14	\$3	Pueblo	\$24	\$35	\$132	\$4	\$52	\$9	
Elbert	\$14	\$12	\$19	\$12	\$0	\$17	Rio Blanco	\$967	\$994	\$678	\$1,274	\$395	\$1,042	
El Paso	\$65	\$79	\$168	\$5	\$92	\$20	Rio Grande	\$11	\$10	\$9	\$3	\$17	\$2	
Fremont	\$78	\$216	\$21	\$3	\$367	\$63	Routt	\$97	\$424	\$1,081	\$130	\$670	\$217	
Garfield	\$3,763	\$2,736	\$2,217	\$2,159	\$0	\$3,256	Saguache	\$10	\$7	\$6	\$12	\$14	\$2	
Gilpin	\$0	\$0	\$6	\$4	\$0	\$0	San Juan	\$0	\$0	\$2	\$5	\$0	\$0	
Grand	\$7	\$45	\$162	\$311	\$45	\$56	San Miguel	\$0	\$2	\$94	\$344	\$0	\$90	
Gunnison	\$9	\$32	\$989	\$7	\$0	\$122	Sedgwick	\$0	\$0	\$18	\$299	\$0	\$6	
Hinsdale	\$2	\$12	\$3	\$192	\$17	\$4	Summit	\$15	\$17	\$32	\$5	\$31	\$4	
Huerfano	\$65	\$47	\$47	\$260	\$0	\$57	Teller	\$51	\$292	\$139	\$36	\$251	\$115	
Jackson	\$18	\$15	\$11	\$11	\$3	\$35	Washington	\$25	\$20	\$89	\$650	\$0	\$140	
Jefferson	\$145	\$183	\$248	\$17	\$253	\$49	Weld	\$1,407	\$1,021	\$2,218	\$661	\$0	\$3,421	
Kiowa	\$17	\$12	\$14	\$206	\$0	\$33	Yuma	\$341	\$245	\$659	\$1,247	\$0	\$1,035	